

Reimagine Business Models

A step change in productivity and customer experience with new digital technologies



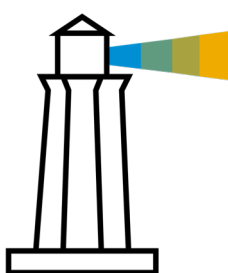
BUSINESS MODEL INNOVATION THE KEY TO SUCCESS

Digital is impacting every industry. Companies need to redefine customer experience and rethink what they do, how they do it, and who they do it for. Business model innovation must be at the core of every CEO's agenda to thrive in the digital world, and the organization needs to align on a clearly defined goal and strategy.

A Business Model is defined by the following characteristics:

- Value proposition and how it is delivered to the target customers
- Innovative ways to make money and maximize shareholder value
- Core competencies and assets needed to create competitive advantage
- Strategic suppliers and partnerships critical to a successful business
- External market forces and regulations that could impact the business

We studied the most prevalent and effective approaches used by digital leaders and found **six innovative digital business models that are making a difference.**



BUSINESS MODELS DRIVEN BY DIGITAL TECHNOLOGIES

- 01 | Outcome based models
- 02 | Expansion into new industries and markets
- 03 | Digitization of products and services
- 04 | Competing as an ecosystem
- 05 | Shared economy
- 06 | Digital platform

These models are not exclusive. Organizations will often deploy more than one model to add new revenue streams, which usually require different skillsets and capabilities.

1. OUTCOME BASED MODELS



Move beyond selling products and services to delivering on measurable business outcomes. The customer pays for business outcome or impact

\$1 TRILLION

FORECASTED SAVINGS OVER THE NEXT DECADE IN U.S. GOVERNMENT HEALTHCARE SPENDING FROM SUCCESSFUL OUTCOME BASED PAYMENT MODEL¹

INNOVATION EXAMPLE

At [Hoerbiger](#), compression technology is used to maximize natural resource extraction. The company is leveraging IoT to track operating performance of the equipment, proactively maintaining it and invoicing the customer

2. EXPANSION INTO NEW INDUSTRIES & MARKETS



Enter and disrupt other industries or markets by leveraging core assets and capabilities (customer base, assets, channels, IP)

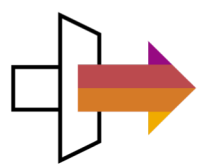
60%

OF BUSINESSES ARE LOOKING TO PURSUE NEW MARKET OPPORTUNITIES IN OTHER INDUSTRIES, IN THE NEXT FIVE YEARS²

INNOVATION EXAMPLE

[Continental AG](#), primarily known as a tire company, is expanding into car services businesses by leveraging digital technologies and predictive capabilities to inform customers when they need to service their vehicles in a timely manner to avoid costly repairs.

3. DIGITALIATION OF PRODUCTS & SERVICES



Disrupt entire value chain by rethinking how products and services can be delivered faster and at a lower cost

\$900 BILLION

EXPECTED ECONOMIC IMPACT OF 3D PRINTING OVER NEXT DECADE³

INNOVATION EXAMPLE

[UPS](#) is growing from being a package delivery company only, to becoming a manufacturer of spare parts by establishing a 3D printing network.

4. COMPETING AS AN ECOSYSTEM



Digital and seamless connections of products and services from several companies to deliver better outcomes for the end customer

\$977 BILLION

ESTIMATED REVENUE FROM SMART CITY-RELATED INFORMATION AND COMMUNICATIONS TECHNOLOGY PRODUCTS AND SERVICES BY 2022⁴

INNOVATION EXAMPLE

[Concur Technologies](#), [Hertz](#) and [Nokia](#) have created an intelligent, automated experience for business travelers — from car rental and payment, to integrated navigation and expense management — through an Internet of Things collaboration.

5. SHARED ECONOMY



Facilitate peer-to-peer share or access to underutilized resources through a community-based digital platform

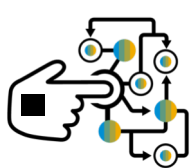
30%

POSSIBLE INCREASE OF AUTOMOTIVE REVENUE POOLS, ADDING UP TO \$1.5 TRILLION, WITH SHARED MOBILITY AND NEW BUSINESS MODELS⁵

INNOVATION EXAMPLE

[Cohealo's](#) health systems share medical equipment across facilities to optimize speed, accelerate cash flow, and improve access to care. It tracks fleets of medical equipment and provides real-time updates to let hospitals know where the machinery is, its availability, and how much it is being used.

6. DIGITAL PLATFORM



Monetize a large, captive community of users and customers by charging transaction fees and opening access to marketers (for advertising, analytics, research)

23+

VIRTUAL COMMUNITIES WITH MORE THAN 100 MILLION ACTIVE USERS⁶

INNOVATION EXAMPLE

[The Ariba Network](#) hosts more than 3.3 million companies and conducts ~\$1.9 trillion in business commerce through the digital platform.

Sources: 1: [McKinsey](#) 2: [Accenture](#) 3: [AT Kearney](#) 4: [Strategy Analytics](#) 5: [World Economic Forum](#) 6: [Wikipedia](#)

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